

ORIGINAL  
OPEN MEETING



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TO: THE COMMISSION

2004 NOV -5 A 9:02

Arizona Corporation Commission

DOCKETED

FROM: Utilities Division

AZ CORP COMMISSION  
DOCUMENT CONTROL

NOV - 4 2004

DATE: November 5, 2004

DOCKETED BY	
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RE: UNS ELECTRIC, INC. AND UNS GAS, INC. - FILING TO MODIFY  
C.A.R.E.S. PRICING PLANS (DOCKET NOS. E-04204A-04-0744 AND G-  
04204A-04-0744)

On October 13, 2004, UNS Electric, Inc. ("UNSE") and UNS Gas, Inc. ("UNSG") filed an application to modify their Customer Assistance Residential Energy Support ("C.A.R.E.S.") pricing plans. The UNSE plans are Pricing Plan C.A.R.E.S. and Pricing Plan C.A.R.E.S. - M (Low Income Medical Life Support Program). The UNSG plan is Pricing Plan R-12. These pricing plans provide discounts for low-income customers. UNSE and UNSG have waived the 30-day statutory deadline for acting on this application until the November 23 and 24, 2004 Open Meeting.

Pricing Plan C.A.R.E.S.

Pricing Plan C.A.R.E.S. provides a discount to residential customers of UNSE whose income is not more than 150 percent of the Federal Poverty Level Guideline. The amount of discount varies with consumption level.

UNSE proposes to modify the pricing plan by removing a reference to the Arizona Department of Economic Security ("DES") and by changing the recertification time period. Currently, the pricing plan provides for DES to verify income levels. UNSE intends to do the verification itself, thereby reducing processing time. It has taken DES 30 to 45 days to process an application. UNSE intends to process applications within 20 days.

Currently, to continue eligibility, customers must provide certification of income each year. UNSE proposes to modify the pricing plan by re-certifying random samples of participants every two years prior to January 1, and when a customer changes residence.

Staff recommends approval of the modifications to Pricing Plan C.A.R.E.S. because the changes would shorten the application processing time and would reduce the burden on customers.

Staff further recommends that UNSE file tariff pages consistent with the terms of this Decision within 15 days from the effective date of the Decision.

Pricing Plan C.A.R.E.S. - M

Pricing Plan C.A.R.E.S. - M allows for bill discounts for UNSE customers at higher consumption levels when the customer requires the use of medical equipment for sustaining life and a physician verifies the situation. UNSE proposes to extend the time period for physician re-verification from annual to every two years.

Staff recommends approval of the modification to Pricing Plan C.A.R.E.S. - M. Staff also recommends that UNSE file tariff pages consistent with the terms of this Decision within 15 days from the effective date of the Decision.

Pricing Plan R-12

Pricing Plan R-12 provides a discount to residential customers of UNSG whose income is not more than 150 percent of the federal poverty level. The amount of the discount is \$0.15 per therm for the first 100 therms per month during the billing months of November through April.

UNSG proposes to modify the pricing plan by removing a reference to DES, by changing the recertification time period, and by removing a reference to pools, spas, and hot tubs. Currently, the pricing plan provides for DES to verify income levels. UNSG intends to do the verification itself as described above for Pricing Plan C.A.R.E.S.

Currently, to continue eligibility, customers must provide certification of income each year prior to November 1, and when a customer changes residence. UNSG proposes to modify the pricing plan by re-certifying random samples of participants every two years prior to October 1, and when a customer changes residence.

The current pricing plan contains a provision that customers with connected service to pools, spas, or hot tubs are eligible for the pricing plan only if usage is prescribed in writing by a licensed physician. UNSG proposes to eliminate this statement.

Staff recommends approval of the modifications to Pricing Plan R-12 because the changes would shorten the application processing time and would reduce the burden on customers.

Staff also recommends that UNSG file tariff pages consistent with the terms of this Decision within 15 days from the effective date of the Decision.

Reporting Requirements

Decision No. 66861 ordered UNSG to docket semi-annual reports with the Commission on January 30 and July 30, documenting C.A.R.E.S. program participation levels. Staff recommends that UNSG continue to file these reports and that UNSE begin to file such reports.

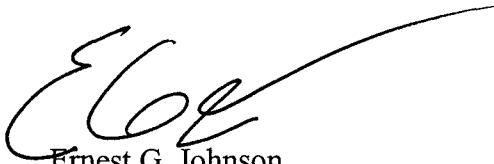
The reports should list by month, the number of participants, the total amount of discounts, the average amount of discount per customer, and the amount of administrative expenses.

Outreach

Decision No. 66861 required UNSG to inform the public in all areas served by UNSG of the availability and benefits of participation in the C.A.R.E.S. program, including radio, television, and newspaper ads, as well as quarterly bill inserts in both Spanish and English. The outreach was to include working with community agencies to increase C.A.R.E.S. program participation. Staff recommends that UNSG continue its outreach efforts and that UNSE participate in such outreach efforts.

Fair Value Implications

Staff analyzed this application in terms of whether there were fair value implications. Compared to UNSE's and UNSG's total revenue, any impact from these programs would be de minimus, and any impact on UNSE's and UNSG's fair value rate base and rate of return would also be de minimus.



Ernest G. Johnson  
Director  
Utilities Division

EGJ:BEK:red\LV

ORIGINATOR: Barbara Keene

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 MARC SPITZER  
Chairman  
3 WILLIAM A. MUNDELL  
Commissioner  
4 JEFF HATCH-MILLER  
Commissioner  
5 MIKE GLEASON  
Commissioner  
6 KRISTIN K. MAYES  
Commissioner  
7

8 IN THE MATTER OF UNS ELECTRIC,  
INC. AND UNS GAS, INC. - FILING TO  
9 MODIFY C.A.R.E.S. PRICING PLANS  
10  
11

} DOCKET NOS. E-04204A-04-0744  
G-04204A-04-0744

} DECISION NO. \_\_\_\_\_

} ORDER

12 Open Meeting  
November 23 and 24, 2004  
13 Phoenix, Arizona  
14

15 BY THE COMMISSION:

16 FINDINGS OF FACT

17 1. UNS Electric, Inc. ("UNSE") and UNS Gas, Inc. ("UNSG") are certificated to  
18 provide electric service as a public service corporation in the State of Arizona.

19 2. On October 13, 2004, UNSE and UNSG filed an application to modify their  
20 Customer Assistance Residential Energy Support ("C.A.R.E.S.") pricing plans. The UNSE plans  
21 are Pricing Plan C.A.R.E.S. and Pricing Plan C.A.R.E.S. - M (Low Income Medical Life Support  
22 Program). The UNSG plan is Pricing Plan R-12. These pricing plans provide discounts for low-  
23 income customers. UNSE and UNSG have waived the 30-day statutory deadline for acting on this  
24 application until the November 23 and 24, 2004 Open Meeting.

25 Pricing Plan C.A.R.E.S.

26 3. Pricing Plan C.A.R.E.S. provides a discount to residential customers of UNSE  
27 whose income is not more than 150 percent of the Federal Poverty Level Guideline. The amount  
28 of discount varies with consumption level.

1           4.       UNSE proposes to modify the pricing plan by removing a reference to the Arizona  
2 Department of Economic Security ("DES") and by changing the recertification time period.  
3 Currently, the pricing plan provides for DES to verify income levels. UNSE intends to do the  
4 verification itself, thereby reducing processing time. It has taken DES 30 to 45 days to process an  
5 application. UNSE intends to process applications within 20 days.

6           5.       Currently, to continue eligibility, customers must provide certification of income  
7 each year. UNSE proposes to modify the pricing plan by re-certifying random samples of  
8 participants every two years prior to January 1 and when a customer changes residence.

9           6.       Staff has recommended approval of the modifications to Pricing Plan C.A.R.E.S.  
10 because the changes would shorten the application processing time and would reduce the burden  
11 on customers.

12           7.       Staff has further recommended that UNSE file tariff pages consistent with the terms  
13 of this Decision within 15 days from the effective date of the Decision.

14 Pricing Plan C.A.R.E.S. - M

15           8.       Pricing Plan C.A.R.E.S. - M allows for bill discounts for UNSE customers at higher  
16 consumption levels when the customer requires the use of medical equipment for sustaining life  
17 and a physician verifies the situation. UNSE proposes to extend the time period for physician re-  
18 verification from annual to every two years.

19           9.       Staff has recommended approval of the modification to Pricing Plan C.A.R.E.S. -  
20 M. Staff has also recommended that UNSE file tariff pages consistent with the terms of this  
21 Decision within 15 days from the effective date of the Decision.

22 Pricing Plan R-12

23           10.       Pricing Plan R-12 provides a discount to residential customers of UNSG whose  
24 income is not more than 150 percent of the federal poverty level. The amount of the discount is  
25 \$0.15 per therm for the first 100 therms per month during the billing months of November through  
26 April.

27           11.       UNSG proposes to modify the pricing plan by removing a reference to DES, by  
28 changing the recertification time period, and by removing a reference to pools, spas, and hot tubs.

1 Currently, the pricing plan provides for DES to verify income levels. UNSG intends to do the  
2 verification itself as described above for Pricing Plan C.A.R.E.S.

3 12. Currently, to continue eligibility, customers must provide certification of income  
4 each year prior to November 1 and when a customer changes residence. UNSG proposes to  
5 modify the pricing plan by re-certifying random samples of participants every two years prior to  
6 October 1 and when a customer changes residence.

7 13. The current pricing plan contains a provision that customers with connected service  
8 to pools, spas, or hot tubs are eligible for the pricing plan only if usage is prescribed in writing by a  
9 licensed physician. UNSG proposes to eliminate this statement.

10 14. Staff has recommended approval of the modifications to Pricing Plan R-12 because  
11 the changes would shorten the application processing time and would reduce the burden on  
12 customers.

13 15. Staff has also recommended that UNSG file tariff pages consistent with the terms of  
14 this Decision within 15 days from the effective date of the Decision.

15 Reporting Requirements

16 16. Decision No. 66861 ordered UNSG to docket semi-annual reports with the  
17 Commission on January 30 and July 30, documenting C.A.R.E.S. program participation levels.  
18 Staff has recommended that UNSG continue to file these reports and that UNSE begin to file such  
19 reports. The reports should list by month, the number of participants, the total amount of  
20 discounts, the average amount of discount per customer, and the amount of administrative  
21 expenses.

22 Outreach

23 17. Decision No. 66861 required UNSG to inform the public in all areas served by  
24 UNSG of the availability and benefits of participation in the C.A.R.E.S. program, including radio,  
25 television, and newspaper ads, as well as quarterly bill inserts in both Spanish and English. The  
26 outreach was to include working with community agencies to increase C.A.R.E.S. program  
27 participation. Staff has recommended that UNSG continue its outreach efforts and that UNSE  
28 participate in such outreach efforts.

Fair Value Implications

18. Staff analyzed this application in terms of whether there were fair value implications. Compared to UNSE's and UNSG's total revenue, any impact from these programs would be de minimus, and any impact on UNSE's and UNSG's fair value rate base and rate of return would also be de minimus.

CONCLUSIONS OF LAW

1. UNSE and UNSG are Arizona public service corporations within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over UNSE and UNSG and over the subject matter of the application.

3. Approval of the proposed modifications to the tariffs does not constitute a rate increase as contemplated by A.R.S. Section 40-250.

4. The Commission, having reviewed the application and Staff's Memorandum dated November 5, 2004, concludes that it is in the public interest to approve the tariff modifications.

ORDER

THEREFORE, IT IS ORDERED that the proposed modifications to Pricing Plan C.A.R.E.S., Pricing Plan C.A.R.E.S. - M, and Pricing Plan R-12 be and hereby are approved.

IT IS FURTHER ORDERED that UNSE file tariff pages for Pricing Plan C.A.R.E.S. and Pricing Plan C.A.R.E.S. - M consistent with the terms of this Decision within 15 days from the effective date of the Decision.

IT IS FURTHER ORDERED that UNSG docket tariff pages for Pricing Plan R-12 consistent with the terms of this Decision within 15 days from the effective date of the Decision.

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1 IT IS FURTHER ORDERED that UNSE and UNSG docket semi-annual reports as  
2 described in Finding of Fact No. 16.

3 IT IS FURTHER ORDERED that UNSG continue its outreach efforts and UNSE  
4 participate in outreach efforts as described in Finding of Fact No. 17.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6  
7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**  
8

9  
10 CHAIRMAN

COMMISSIONER

COMMISSIONER

11  
12  
13 COMMISSIONER

COMMISSIONER

14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
15 Secretary of the Arizona Corporation Commission, have  
16 hereunto, set my hand and caused the official seal of this  
17 Commission to be affixed at the Capitol, in the City of  
18 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

19  
20 \_\_\_\_\_  
21 BRIAN C. McNEIL  
22 Executive Secretary

23 DISSENT: \_\_\_\_\_

24 DISSENT: \_\_\_\_\_

25 EGJ:BEK:red/LV  
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27  
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SERVICE LIST FOR: UNS ELECTRIC, INC., AND UNS GAS, INC.  
DOCKET NOS. E-04204A-04-0744 and G-04204A-04-0744

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